



Request for City Council Committee Action from the Departments of Regulatory Services, Community Planning & Economic Development, and Health

Date: August 19, 2013

To: Council Member Elizabeth Glidden, Chair
Regulatory, Energy and Environment Committee

Referral to: Council Member Betsy Hodges, Chair
Ways & Means/Budget Committee

Subject: License Fees 2014

Recommendation: Approve the 2014 License Fee Schedule which does not increase any eligible fees on the schedule as of January 1, 2014.

Previous Directives: As part of the 2002 budgetary process the Department of Licenses and Consumer Services was directed to bring forth a proposal to adjust license fees for inflation costs on a yearly basis.

Department Information

Prepared by: Lee Larson, Finance Administrator Regulatory Services, 673-2055 and
Grant Wilson, Manager of Business Licenses, 673-3902.

Approved by:

Nuria Rivera-Vandermyde, Director of Regulatory Services

Gretchen Musicant, Health Commissioner

Jeremy Hanson Willis, Executive Director, Community Planning & Economic Development

Presenters in Committee: Lee Larson, Daniel Huff and Grant Wilson

Financial Impact

- Action is within the Business Plan
- Request provided to the Finance Department

Community Impact

- Neighborhood Notification: Yes. Public hearing notices were sent to all business license holders, business associations, and neighborhood organizations. The hearing notice was also posted on the Business Licenses' website and the city's cable channel.
- City Goals:
 - Jobs and Economic Vitality: A world-class city and 21st century economic powerhouse
 - A City that Works: Minneapolis is a model of fiscal responsibility, technological innovation and values-based, results-driven municipal government

Supporting Information

As directed by policy and state and local mandates, the City is required to request Council approval for license fee increases. Effective January 1, 2014, no eligible fees in the License Fee Schedule would increase. Eligible fees are those not exempt by city policy, city ordinance, or state statute as indicated in the proposed 2014 License Fee Schedule. Health Department, Minneapolis Fire Department, CPED and Regulatory Services staff did not project additional revenues related to an increase in the License fee schedule for 2014. Therefore, the lack of an increase to the fee schedule should not affect the 2014 budget currently under deliberations.

1. Code of Ordinances and State Statutes

MCO 261.60. Annual Fee Adjustment

Prior to September 1 of each year, the appropriate committee of the city council shall conduct a public hearing to consider the adjustment of all license fees for the subsequent calendar year to reflect changes in administrative and enforcement costs in accordance with appropriate economic indicators as determined by the city council or committee.

MN Statute 28A.075 Delegation to Local Board of Health

(c) A fee to recover the estimated costs of enforcement of this chapter must be established by ordinance and must be fair, reasonable, and proportionate to the actual cost of the licensing and inspection services. The fee must only be maintained and used for the estimated costs of enforcing this chapter.

MN Statute 340A.408 Retail License Fees

Subd. 1. 3.2 percent malt liquor.

(a) The license fee for an on-sale and off-sale percent malt liquor license is the fee set by the county or city issuing the license.

Subd. 2. Intoxicating liquor; on-sale.

(a) The license fee for a retail on-sale intoxicating liquor license is the fee set by the city or county issuing the license subject to the limitations imposed under this subdivision. The license fee is intended to cover the costs of issuing and inspecting and other directly related costs of enforcement.

Subd. 3. Intoxicating liquor; off-sale.

(a) The annual license fee for an off-sale intoxicating liquor license issued by a city, when combined with any occupation tax imposed by the city, may not exceed the following limits: (1) \$1,500 for cities of the first class;

Subd. 3a. Fee increases; notice, hearing.

No city, town, or county shall increase the fee for a liquor license governed by subdivision 1, 2, or 3, except after notice and hearing on the proposed increase. Notice of the proposed increase must be mailed to all affected licensees at least 30 days before the date set for the hearing. This subdivision supersedes any inconsistent provision of law or charter.

2. Inflationary Indexes

The five year history of license fee increases is as follows:

January 1, 2013: License Fees were not increased. Pollution Control Annual Billing Fees were increased by 3%. Taxi fees were exempt from this increase. The Consumer Price Index – Urban Consumers (CPI-U) rose 1.7% in 2012.¹ The Municipal Cost Index, created by American City and County Magazine, designed to show the effects of inflation on the cost of providing municipal services rose 2% from December 2011 to December 2012.²

January 1, 2012: License Fees were increased 1.5% and Pollution Control Annual Billing Fees were increased by 3%. Taxi fees were exempt from this increase. The Consumer Price Index – Urban Consumers (CPI-U) rose 3% in 2011.³ The Municipal Cost Index, created by American City and County Magazine, designed to show the effects of inflation on the cost of providing municipal services rose 4.2% from December 2010 to December 2011.⁴

January 1, 2011: License Fees were increased 1.5% and Pollution Control Annual Billing Fees were increased by 3%. Taxi fees were exempt from this increase. The Consumer Price Index – Urban Consumers (CPI-U) rose 1.5% in 2010. The Municipal Cost Index rose 3.77% from December 2009 to December 2010.

January 1, 2010: Fees were not increased. The Consumer Price Index – Urban Consumers (CPI-U) rose 2.7% in 2009.

January 1, 2009: Fees were increased 3%. Taxi fees were exempt from this increase. The CPI(U) increased 0.1% in 2008.

January 1, 2008: Fees were increased by 3%. Taxi fees were exempt from this increase. The Implicit Price Deflator Index for State and Local Governments rose 5.6 % in 2007.

¹ Bureau of Labor Statistics CPI Detailed Report, December 2012. bls.gov

² Municipal Cost Index Archive 2012. Americancityandcounty.com

³ Bureau of Labor Statistics CPI Detailed Report, December 2011. bls.gov

⁴ Municipal Cost Index Archive 2011. Americancityandcounty.com